

**BEFORE THE  
TRADE POLICY STAFF COMMITTEE**

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**SECTION 203 CONSIDERATION OF CERTAIN STEEL PRODUCTS**

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**RESPONSE ON BEHALF OF GRANT PRIDECO, INC. TO WRITTEN  
COMMENTS ON WHAT ACTION, IF ANY, THE PRESIDENT SHOULD TAKE  
UNDER SECTION 203 OF THE TRADE ACT OF 1974**

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**January 15, 2002**

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## EXECUTIVE SUMMARY

This submission responds to arguments filed by Chamberlain Manufacturing Company in its January 4, 2002 submission regarding Grant Prideco's request for an exclusion of tool joints from any remedy. Specifically:

- The President should follow ITC Vice Chairman Okun's recommendation and exclude all imports of tool joints from any remedy, as imports from all sources are needed to meet demand.
- Tool joints are not flanges or fittings and were not part of the ITC injury or remedy analysis.
- Imports of tool joints have not harmed U.S. tool joint producers.
- Tariffs on tool joint imports would create a competitive advantage for foreign producers of drill pipe in both U.S. and international markets, harming Grant Prideco and other U.S. interests.
- It is highly unlikely that Chamberlain can back up its claims that it can supply U.S. demand for tool joints, since it operates U.S. Government assets that can be diverted to other uses and does not have the capabilities to provide finished tool joints required by today's market.
- Members of Congress and the contract drilling industry continue to specifically support an exclusion of tool joints from any remedy.
- An exclusion of tool joints would be simple to administer and would not raise circumvention issues due to the unique nature of tool joints' HTS classification and tool joints' physical and end-use differences with other flanges and fittings.

### **I. THE PRESIDENT SHOULD FOLLOW ITC VICE CHAIRMAN OKUN'S RECOMMENDATION AND EXCLUDE ALL IMPORTS OF TOOL JOINTS FOR DRILL PIPE FROM ANY REMEDY**

The only imports of tool joints that would be affected by any remedy imposed by the President are those manufactured at Grant Prideco's wholly-owned plants in Italy and Mexico. Grant Prideco is not aware of any other imports of tool joints into the United States. Imports of tool joints from both of Grant Prideco's overseas tool-joint operations

are critical to its U.S.-based production of finished drill pipe, and thus critical to Grant Prideco's customers in the drilling industry.

To be able to meet the U.S. and international demand for finished drill pipe, Grant Prideco must be able to continue sourcing its tool joints from its facilities in both Italy and Mexico.<sup>1</sup> Neither facility has the capacity alone to meet the supply needs of Grant Prideco's domestic operations. Thus, for example, if the President chose to grant an exclusion only for imports of tool joints from Mexico, those imports would be inadequate to ensure sufficient supplies.<sup>2</sup>

The letters submitted to the TPSC from Grant Prideco's customers and Members of Congress reflect the importance of sufficient tool joint supplies for industry needs. Thus, the President should follow the recommendation made by Vice Chairman Okun and exclude all imports of tool joints, from any supplier country, from any remedy imposed pursuant to this investigation.

## **II. TOOL JOINTS ARE NOT FLANGES OR FITTINGS AND WERE NOT PART OF THE ITC INJURY OR REMEDY ANALYSIS**

The record of this investigation shows that no party in the flanges and fittings industry believes that tool joints have anything to do with their businesses or products. Tool joints are entirely different from flanges and fittings. They are used only in the manufacture of drill pipe. As discussed in prior submissions, the testimony by the

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<sup>1</sup> Indeed, Chamberlain agrees that a remedy that excluded Mexico would not address its concerns. *See* Chamberlain Comments on TPSC Evaluation of Options for Action Under Section 203 With Respect to Tool Joints, Jan. 4, 2002, at 11 [hereinafter "Chamberlain Jan. 4, 2002 Submission"].

<sup>2</sup> [

flanges and fittings industry at the ITC hearings and the absence of the discussion of tool joints within any of their remedy requests to the ITC makes this absolutely clear.

The ITC record is also absolutely clear. As explained in Grant Prideco's exclusion request, the ITC's analysis of injury was based solely on the volume of imports in the flanges and fittings category; that data did not include tool joints. Even though tool joints were grouped together in the ITC's investigation with flanges and fittings, they are used exclusively for drill pipe. In addition, tool joints are not encompassed by the 7300 tariff series covering flanges and fittings. Finally, unlike fittings and flanges, tool joints are never measured in tons: they are only measured in number of units. Chamberlain's own counsel has recognized that the ITC Staff Report's data for Category 22 did not include tool joints and has stated to the ITC that tool joints could be excluded from the ITC's definition of "like product" covering flanges and fittings.

### **III. IMPORTS OF TOOL JOINTS HAVE NOT HARMED U.S. PRODUCERS**

There is no evidence that tool joint imports have injured the flanges and fittings industry or any domestic drill pipe manufacturer. Nor have they harmed Chamberlain or other U.S. producers of tool joints.

As has been discussed in Grant Prideco's prior submissions, imports of tool joints from Mexico and Italy are used primarily for Grant Prideco's production of finished drill pipe. Grant Prideco is the sole importer of tool joints. It captively consumes the vast majority of what it imports. Grant Prideco made its own tool joints long before Chamberlain began making tool joints in 1997. These captively consumed products are not marketed or sold against Chamberlain's products; rather they are used internally by Grant Prideco to manufacture drill pipe that Grant Prideco sells to end-users. Although

Grant Prideco has sold small quantities of imported tool joints to a competitor, that is not Grant Prideco's core business and such sales are only at a very profitable price against which Chamberlain certainly should be able to easily compete.<sup>3</sup>

Chamberlain continues to request a tariff on tool joint imports by stating that the ITC made an affirmative injury determination with respect to the entire ITC Category 22, which consisted of flanges, fittings, and tool joints. While injury was found and a remedy recommended by the ITC for this product category, tool joints have nothing to do with the flanges and fitting industry or the analysis made by the ITC. For example, Chamberlain's briefs are preoccupied with the concept that there has been underselling of tool joints imports. An examination of the ITC record shows that this was not the case. The ITC determination of underselling for Category 22 was based solely upon price data collected on butt-weld fittings. As discussed in Section II above, tool joints and butt-weld fittings are in no way related. Imported tool joints are used by Grant Prideco to make drill pipe, which commands premium prices in the market. Nor are the small quantities of finished tool joints that Grant Prideco sells to its competitor priced at dumped or otherwise below market prices.<sup>4</sup>

Without a doubt, the record shows that tool joints were never taken into account in the ITC's injury analysis of the flanges and fittings industry and tool joint imports are not harming anyone. Grant Prideco strongly believes that this is because tool joints are really part of drill pipe, for which every other component, including the billets used to make tool joints, were found not to injure the U.S. market.

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<sup>3</sup> [

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<sup>4</sup> Grant Prideco believes that its individual customers and the IADC would support Grant Prideco's position regarding its prices.

#### **IV. TARIFFS ON IMPORTS OF TOOL JOINTS WOULD ADVANTAGE FOREIGN PRODUCERS OF DRILL PIPE IN U.S. AND INTERNATIONAL MARKETS**

Imposing tariffs on imports of tool joints needed to produce finished drill pipe would place U.S. drill pipe producers at a competitive disadvantage vis-à-vis their foreign competitors. Because the ITC made a negative injury determination as to imports of finished drill pipe (drill pipe fitted with tool joints), foreign producers would be able to import their finished drill pipe into the United States.<sup>5</sup> Such producers would not have to pay or absorb the cost of a duty on tool joints. If tool joints are not excluded from a remedy in this case, however, Grant Prideco would be forced to pay a duty on its supply of tool joints (as discussed in Section V below, Grant Prideco would not likely source additional tool joints from Chamberlain) and would be placed at a competitive disadvantage in the U.S. and international markets for drill pipe.

Attachment A contains a chart depicting the relationship between tool joints, drill pipe tubes and finished drill pipe, noting the ITC's findings with regard to each. Tool joints reflect approximately [ ] of the cost of drill pipe, so any cost disadvantage imposed by a tariff on tool joints imports would be significant.<sup>6</sup> Therefore, even a tariff at the 13% level recommended by the ITC for the fittings and flanges category into which tool joints were placed for this investigation would cost Grant Prideco and other producers millions of dollars per year. The increased costs would reduce the U.S. industry's competitiveness both at home and abroad and, potentially, its ability to maintain production and employment levels. Thus, all that the imposition of a tariff on

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<sup>5</sup> The ITC found no injury caused by the imports of drill pipe fitted with tool joints (finished drill pipe, included in seamless OCTG category); drill pipe tube (included in seamless OCTG category); and billets used to forge and finish tool joints.

<sup>6</sup> Depending on the specifications and other factors, the cost of tool joints amounts to [ ] of the total cost of the finished drill pipe.

tool joint imports is likely to achieve is the unintended effect of giving foreign competitors of drill pipe a significant cost advantage over U.S. drill pipe producers such as Grant Prideco. Such a result is inconsistent with the purpose of Section 201 and U.S. economic interests.

**V. CHAMBERLAIN, THE ONLY COMPANY OPPOSING GRANT PRIDECO'S EXCLUSION REQUEST, IS NOT AN ESTABLISHED PROVIDER OF TOOL JOINTS FOR THE INDUSTRY**

As has been discussed in prior submissions, no U.S. steel mill participating in the ITC phase of the investigation opposed Grant Prideco's request for the exclusion of tool joints. In particular, there was no opposition from the flanges and fittings industry, with which tool joints were grouped together for the purpose of the 201 case.<sup>7</sup> The only opposition came via a last-minute, non-party written submission by Chamberlain, an ammunitions producer from Pennsylvania.

Chamberlain is a defense contractor operating government-owned assets in Scranton, Pennsylvania. By Chamberlain's own admission and that of its Congressman, tool joints are only a sideline business that Chamberlain entered in 1997 to lower the operating costs of its munitions business. As discussed in prior submissions, Chamberlain, despite its claims, has no history of supplying tool joints to the U.S. drill pipe market on regular basis or in commercially significant quantities.<sup>8</sup> Attachment B contains a chart that diagrams the current producers of tool joints, the current users of

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<sup>7</sup> See *In the Matter of Steel (Remedy Phase)*, Inv. No. TA-201-73, Hrg. Tr. At 792-93 (Nov. 8, 2001).

<sup>8</sup> It is Grant Prideco's understanding that Chamberlain has been a supplier to OMSCO (a drill pipe competitor) of tool joint blanks in the past. However, OMSCO began producing its own tool joints blanks in 2001 pursuant to a manufacturing arrangement it has with a company called Primex (located in Pennsylvania). As a result of this transaction, to Grant Prideco's knowledge, Chamberlain no longer produces tool joints for any drill pipe manufacturer. As detailed in prior submissions and discussions with the TPSC, Chamberlain has never supplied Grant Prideco [ ] except for one or two spot orders of tool joint blanks [ ].



tool joints (drill pipe producers), and the market relationships between them. As the chart shows, Chamberlain is not a part of this market.<sup>9</sup> A remedy in this case would force Chamberlain's entry into a market in which it has never participated in any meaningful manner prior to this case.

Chamberlain argues in its latest submission that "[t]he only practical limitation on Chamberlain's ability to serve domestic demand for tool joints is the level of imports of the competing product."<sup>10</sup> This statement does not reflect the realities of the U.S. market, in Grant Prideco's experience or the estimation of Vice Chairman Okun.<sup>11</sup> First, as noted above, Chamberlain operates U.S. Government-owned assets to make tool joints. Unlike Grant Prideco's plants, which are dedicated to tool joint manufacturing, the assets operated by Chamberlain are primarily designed to manufacture munitions. Again, by Chamberlain's own admission, its only reason for trying to make tool joints is to lower operating costs for its munitions production. It is highly likely that the government contracts under which Chamberlain operates those assets give the U.S. Government the ultimate authority as to how those assets are used. Thus, at any time, the assets Chamberlain claims to be able to devote to tool joint production could be redirected by U.S. Government orders to other manufacturing, affecting tool joint supply.

Second, while Chamberlain may have substantial forging capacity, based on Grant Prideco's experience, Chamberlain would be unable to supply the finished and threaded tool joints required to meet today's standards for drill pipe. Information available to Grant Prideco suggests that Chamberlain has a very limited threading

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<sup>9</sup> See also footnote 7.

<sup>10</sup> Chamberlain Jan. 4, 2002 Submission at 8.

<sup>11</sup> See *Steel*, Inv. No. TA-201-73, USITC Pub. 3479, Vol. I (Dec. 2001) at 517.

experience, with no demonstrated make and break or hard banding capability.<sup>12</sup> The latter is required by [ ] of all drill pipe sold by Grant Prideco. Chamberlain also has never threaded any of Grant Prideco's proprietary high-torque or extreme-torque connections. Thus, Chamberlain has only made small quantities of tool joints that meet API standards. It has never made tool joints anywhere near the quantities required by Grant Prideco or with the premium specifications required by Grant Prideco's customers.

Finally, imports are not limiting Chamberlain's ability to sell tool joints to Grant Prideco's competitors, Texas Steel Conversion or OMSCO. [ ] does not make tool joints. Indeed, not only is nothing preventing Chamberlain from selling to this customer, but instead Chamberlain has a positional competitive advantage in this regard. Grant Prideco is highly confident that Chamberlain could meet the prices that Grant Prideco currently charges to [ ] for tool joints. Chamberlain also is free to sell tool joints to [ ], with whom it also enjoys a positional competitive advantage vis-à-vis Grant Prideco.

Based on the above, [ ] of the U.S. market for tool joints is potentially available to Chamberlain; this would be a substantial amount of tool joints compared to their historical production figures. Chamberlain has supplied [ ] with some tool joint blanks historically and should have no problem supplying [ ] with finished tool joints if their claims regarding quality and capacity are true. Grant Prideco manufactures tool joints primarily for itself and only sells to competitors in small amounts based upon quality and service and certainly not on price. Grant Prideco's

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<sup>12</sup> Grant Prideco understands that Chamberlain has manufactured tool joint blanks for OMSCO in the past (rather than finished tool joints). Grant Prideco understands that Chamberlain manufactured finished tool joints for [ ]

competitors would surely rather purchase from Chamberlain assuming adequate quality, dedication and service exists. All Chamberlain has to do is demonstrate to these potential customers that they can do it and the business will almost certainly be theirs. A tariff will not change this fact.

It is unlikely that Grant Prideco would purchase tool joints from Chamberlain, with or without a tariff in place. Grant Prideco must be able to control the quality and reliability of tool joints it uses in its finished drill pipe to satisfy specification requirements of its customers. Grant Prideco supplies a very large and important part of the drill pipe market, and bottlenecks and quality issues can have a significant impact upon the contract drilling industry. A drill pipe failure due to a faulty tool joint can have grave consequences, for which the drill pipe manufacturer is often financially responsible. A failure to timely deliver product can result in lost rig time, penalty clauses and increased day rates. Grant Prideco and the contract drilling industry cannot afford to rely upon a company that has no history of supplying product in any meaningful quantity or meeting required specifications.

Based on the record, it is clear that neither Chamberlain nor any other domestic manufacturer of tool joints has any history, record or basis to argue that it can reliably and consistently supply Grant Prideco's demand for high-quality, threaded tool joints for its production of finished drill pipe.

**VI. MEMBERS OF CONGRESS AND THE CONTRACT DRILLING INDUSTRY CONTINUE TO SUPPORT AN EXCLUSION OF TOOL JOINTS FOR DRILL PIPE**

Members of Congress continue to specifically support the exclusion of tool joints from any remedy. Attachment C contains a new letter, dated January 10, 2002, from

Congressmen Jim Turner, Pete Sessions, and Brad Carson to Ambassador Zoellick, which notes that continuing access to imports of tool joints is critical for the drilling of oil and gas wells in the United States. Noting both important safety issues and Chamberlain's failure to participate in the ITC process, the letter states, "[i]t would be a disaster for the drill pipe industry if through quotas and tariffs, the President tried to force the drill pipe industry to purchase from what is essentially a start-up tool joint operation that claims it can offer acceptable quality product for a critical application."

As discussed in previous submissions, other Members who have submitted letters or statements are Senator John Breaux and Congressmen Joe Barton, Kevin Brady, Nick Lampson, John Culberson, David Vitter, and Ken Bentson. *See* Attachment 3 to Grant Prideco's November 13, 2001 exclusion request. These letters specifically mention tool joints as part of a request for an exclusion of drill pipe and all of its components (including tool joints) from any remedy.

Grant Prideco also believes that the Administration should strongly consider the views of the consumers and industry that are the ultimate purchasers and end-users of tool joints, the contract drilling industry. As discussed in Grant Prideco's January 4, 2002 submission, this entire industry supports Grant Prideco's position with respect to tool joints. Indeed, the ITC and USTR have received letters from over 70% of this industry requesting that drill pipe and tool joints be excluded. Because Grant Prideco plays an important role in supplying drill pipe and components to the contract drilling industry, any limitations on Grant Prideco's operations and its ability to deliver the highest quality and reliable drill pipe will adversely affect these companies' operations. The President should give great weight to the fact that companies representing virtually

this entire industry, as well as their association (the International Association of Drilling Contractors), decided to specifically voice their opinion on an exclusion for tool joints.

Finally, Grant Prideco believes that the record is clear that the IADC is firmly behind Grant Prideco's exclusion request and that Chamberlain's continued attack on the IADC and its due diligence process is unwarranted. The IADC has heard Chamberlain's arguments, it has researched them, and it remains firmly behind Grant Prideco's exclusion request.

## **VII. AN EXCLUSION OF TOOL JOINTS WOULD BE SIMPLE TO ADMINISTER AND CREATE NO CIRCUMVENTION ISSUES**

Unlike many of the other exclusion requests being examined by the TPSC, the exclusion of tool joints would be easy to administer. An exclusion of tool joints also would not raise any possibility of circumvention by other flanges or fittings products that are covered by a remedy.

There are no substitutes for tool joints that could be used to replace the imports affected by the remedy. Tool joints imported under HTS subheading 8431.43.8020 are only used for drill pipe.<sup>13</sup> There is no overlap with other flanges and fittings subject to this investigation because tool joints for drill pipe do not have the same product characteristics, HTS number, or end-uses as fittings and flanges.<sup>14</sup> Flanges and fittings cannot be confused with tool joints; the products have very different physical characteristics and different end-uses.

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<sup>13</sup> Tool joints for drill pipe fall into HTS Chapter 84, while all other products included in the "flanges, fittings, and tool joints" category fall under HTS Chapter 73, which is the general classification category for "tube or pipe fittings of iron or steel." See *Steel*, Questionnaire General Information, Instructions, and Definitions at 13-14. Because the HTS subheading for tool joints specifies "for oil and gas field machinery," there are no circumvention issues relating to other flanges and fittings.

<sup>14</sup> See *Oil Country Tubular Goods from Argentina, Italy, Japan, Korea, and Mexico*, Inv. Nos. 701-TA-364 (Review) and 731-TA-711, 713-716 (Review), USITC Pub. 3434 (June 2001) at I-19 (discussing tool joints).

Due to the specificity and narrowness of the HTS number for tool joints, and the fact that tool joints can only be used in the manufacture of drill pipe, the exclusion of tool joints from any remedy raises no circumvention issues. Indeed, no possibility of circumvention has been alleged by any party to these proceedings, including Chamberlain.<sup>15</sup> In addition, the raw materials used to manufacture tool joints, as well as the finished product (drill pipe) into which tool joints are incorporated, were found not to injure the domestic steel industry.

Thus, an exclusion of tool joints would involve a carve-out of one HTS subheading (8431.43.8020) from any remedy imposed on Category 22. Scrutiny of tool joint imports by HTS number and physical examination can easily prevent circumvention.

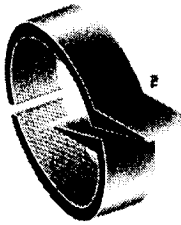
## **VIII. CONCLUSION**

For the foregoing reasons, Grant Prideco respectfully requests that the President exclude tool joints for drill pipe from any safeguard remedy.

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<sup>15</sup> Chamberlain's only circumvention argument discussed issues arising in a remedy that included one, but not both, of the countries in which Grant Prideco manufactures tool joints. Chamberlain does not allege that tool joints represent a circumvention risk related to other products. Chamberlain Jan. 4, 2002 Submission at 11.

**ATTACHMENT A**



GRANTPRIDECO

PUBLIC VERSION

# What Are Tool Joints and Drill Pipe?

## Drill Pipe Components



Tool Joint. Welded to drill pipe tube to create finished drill pipe joint. ITC found no injury from imports of billets used to forge and finish tool joints.

Drill Pipe Tube. ITC found no injury from imports (included in seamless OCTG category)

## Finished Drill Pipe

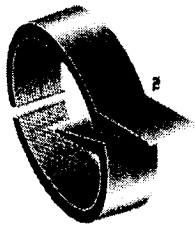


ITC found no injury from imports of Finished Drill Pipe (included in seamless OCTG category) <sup>7</sup>

PUBLIC VERSION



**ATTACHMENT B**

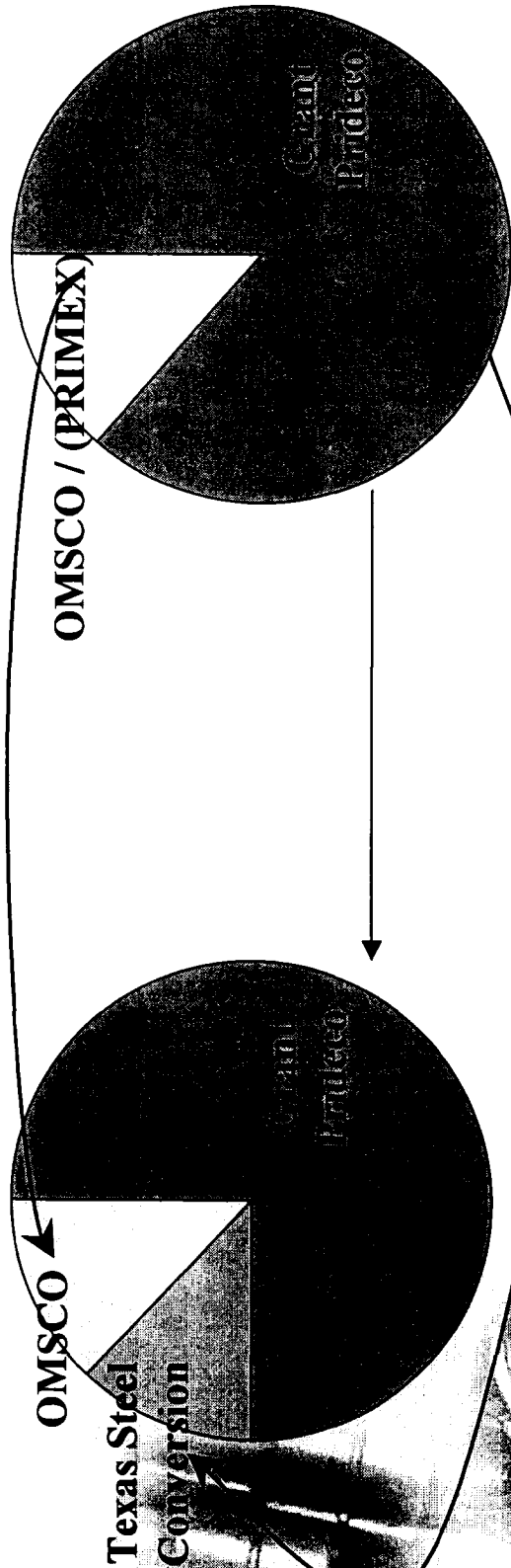


GRANTPRIDECO

# Who Makes and Buys Tool Joints?

US Drill Pipe Producers

Who Makes Tool Joints?



Who Does Chamberlain Supply?

**ATTACHMENT C**

# Congress of the United States

Washington, DC 20515

PUBLIC VERSION

January 10, 2002

The Honorable Robert Zoellick  
United States Trade Representative  
600 17th Street, NW  
Washington, D.C. 20508

Dear Ambassador Zoellick,

We are writing to request that tool joints be excluded from any remedy imposed in the Section 201 steel case.

Continued access to tool joints is critical for drilling oil and gas wells in the United States. Tool joints are used exclusively for manufacturing drill pipe used in drilling oil and gas wells. They have no other use. Grant Prideco, the world's largest drill pipe manufacturer, supplies over 70% of the drill pipe used in the United States. Grant Prideco manufactures its own tool joints at its facilities located in Mexico and Italy.

As the largest drill pipe manufacturer in the United States and the world, it is extremely important for Grant Prideco to be able to control all aspects of the quality, reliability and deliverability of the tool joints it utilizes to manufacture drill pipe. A drill pipe failure due to a faulty tool joint can have disastrous consequences, including well blow outs, loss of life and adverse environmental consequences. Grant Prideco cannot afford to rely on, and be financially responsible for, manufacturing processes and operations that it does not control. Due to these concerns, the International Association of Contract Drillers (IADC) joined Grant Prideco in requesting the exclusion of tool joints from any remedy. In addition, the IADC and the largest contract drillers in the United States have written letters to you requesting an exclusion for tool joints. The companies requesting an exclusion for tool joints are responsible for drilling over 70% of the oil and gas wells drilled each year in the United States.

U.S. International Trade Commission Vice Chairman Okun specifically recommended a remedy exclusion for tool joints. She noted that the U.S. market was highly dependent on imported tool joints and U.S. production was very limited. Two other Commissioners recommended that tool joints (as part of the fittings and flanges category) imported from Mexico be excluded from any remedy.

There was not a single steel mill in the United States that opposed the exclusion of tool joints at the ITC hearings. This includes members of the flanges and fittings industry with which tool joints were grouped for purposes of the 201 investigation.

PUBLIC VERSION

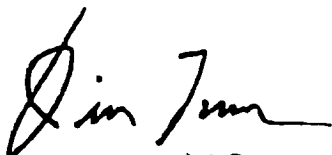
The only opposition to the exclusion of tool joints comes from an ammunitions manufacturer in Pennsylvania, Chamberlain (which appears on a list of U.S. military installations as the Scranton Army Ammunitions Plant), which has occasionally manufactured very small volumes of tool joints. Commissioner Okun specifically noted in her findings that Chamberlain did not participate in the investigation or provide data until after the remedy hearing and had no adjustment plan. Despite its limited past production and indifference to the 201 process, Chamberlain now claims it can supply the entire U.S. market. It would be a disaster for the drill pipe industry if through quotas and tariffs, the President tried to force the drill pipe industry to purchase from what is essentially a start-up tool joint operation that claims it can offer acceptable quality product for a critical application. The only tool joints that Grant Prideco has purchased from this company were spot purchases of tool joint blanks (unfinished tool joints that were not threaded).

Providing an exclusion for tool joints will protect U.S. jobs and lead to the creation of more jobs. Grant Prideco is a U.S. company with its headquarters in Houston, Texas. Although it maintains certain foreign manufacturing operations, it has at all times remained a U.S.-based manufacturing company with the substantial majority of its operations and investments located in the United States. Today, Grant Prideco has over 3,000 employees in Texas, Louisiana, and Oklahoma, representing about three-fourths of its worldwide employees. Excluding tool joints from a remedy will allow it to continue operate successfully and grow in the United States.

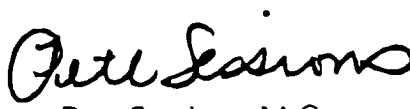
Conversely, if the President imposed tariffs or quotas on tool joints manufactured by Grant Prideco at its Mexican and Italian facilities, the effect would be to encourage foreign competition and foreign investment over U.S. investment. Although tool joints are only used to make drill pipe, drill pipe and tool joints were not classified together by the ITC; the ITC found no injury for drill pipe, so foreign drill pipe can be freely imported into the United States. Thus, any tariff or quota on tool joints would benefit Grant Prideco's foreign competitors because Grant Prideco's domestic manufacturing operations would have to incur tool joint costs that its foreign competitors do not incur. In addition, the effect would be to increase the desirability of foreign investment in drill pipe operations. This certainly is not the intent of any 201 remedy.

We appreciate your attention to this matter and look forward to discussing it with you personally.

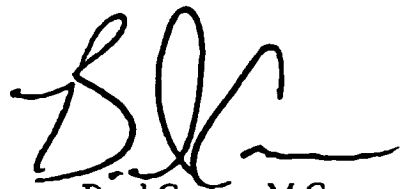
Sincerely,



Jim Turner, M.C.



Pete Sessions, M.C.



Brad Carson, M.C.